

I. BellSouth's Change Control Process Remains Deficient

- **BellSouth's software implementation continues to be riddled with defects.**
 - Release 10.6 (implemented on August 25, 2002) has generated 11 announced software defects and two announced documentation defects, thus far. In addition, it has resulted in increased rejections and partially mechanized handling of UNE-P migration orders from the implementation of CR0756 (UNE-P Call Scope). CLECs are experiencing hundreds of rejections and mis-routings of UNE-P orders daily. The issue is being investigated but BellSouth has not yet designated it as a defect.
 - BellSouth's data and the information it provided to Q/P Management regarding previously unannounced defects revealed that Release 10.5 which implemented 11 features resulted in the creation of 94 defects – a ratio of 8.55 defects per feature.
- **The Florida PSC has ordered the implementation of new metrics to track BellSouth's CCP performance and encourage improvements in timeliness and the quality of software implemented. BellSouth has already demonstrated that it intends to game the system.**
 - BellSouth's behavior since August 9, 2002, is cause for concern. At least seven ALEC initiated change requests have been rejected – a rate of rejection never seen before in the entire history of the process.

CR	Reject Date	Reason/Comments
876	8/9/02	Technical feasibility
882	9/12/02	Outside the scope of CCP, not a current BellSouth process, a BFR
886	8/13/02	Cost (no amount specified), capability already exists, a NBR
884	8/14/02	Technical feasibility, not a defect
887	8/15/02	Pending clarification
896	8/20/02	Cost, \$1.2 M for part 1, \$4.35 M for part 2
897	8/20/02	Cost \$8 M

Following discussions held on 8/28/02 during the monthly CCP Status Meeting BellSouth is now reviewing CRs 896 and 897 for reconsideration. Concerns, however, remain.

- **There has only been marginal CCP backlog "improvement" between February 2002 and June 2002 (BST Aug 16, 2002 Ex Parte, page 4).**
 - The overall reduction from 93 to 65 occurred almost exclusively because of the May prioritization meeting and because BellSouth began to properly

administer “new” requests. As shown in the following table, in February there were approx. 60 requests in Pending, Candidate or Scheduled status, and in June there were still approx. 60 in those same three categories.

Change Request Status	February	June
New	29	5
Pending	17	5
Candidate Request	32	42
Scheduled	15	13

- **As a result of BellSouth’s deficient CCP, the FCC should require that BellSouth provide quarterly reports to the Commission on its Change Control Process performance**
 - Performance against SQM metrics for each month of the quarter
 - Explanations for each metric not met
 - Action plans to achieve objective performance
 - Utilization of capacity including a comparison of forecast versus actual
 - In aggregate
 - By software release, and
 - By the individual change implemented
 - CLEC affecting (including defects)
 - non-CLEC affecting (including defects)
 - Current distribution of all in process change requests (CLEC affecting and non-CLEC affecting) across all CCP status categories
 - New
 - Pending Clarification
 - Validated
 - Pending
 - Candidate
 - Scheduled
 - Forecast plans for newly announced software releases
 - Changes to previous release forecast plans

II. BellSouth Needs to Resolve Data Integrity Issues

- In its GA/LA Order, the FCC noted with approval BellSouth’s stated willingness “to engage in data reconciliation with any requesting carrier.” *Georgia/Louisiana 271 Order* ¶18 and that based on BellSouth’s readiness to engage in data reconciliations, and the oversight of the Georgia and Louisiana Commissions,” the Commission found “that, as a general matter, BellSouth’s performance data is accurate, reliable, and useful.” *Id.* ¶19. Notwithstanding BellSouth’s stated promises, BellSouth’s conduct before and since the Commission’s issuance of the

Georgia /Louisiana 271 Order demonstrates that BellSouth has not displayed a willingness to engage in any meaningful way in the data reconciliation process.

- BellSouth's responses to AT&T's inquiries have almost always been incomplete and untimely. In 2001, it took BellSouth on average 7 weeks to respond to AT&T. In February 2002 through May 2002, AT&T directed a series of inquiries about data discrepancies to BellSouth. BellSouth's responses were late and inadequate.¹ AT&T escalated the issue in late June, reminding BellSouth of its commitment to the FCC. Based on its years of experience with BellSouth, AT&T strongly believes that BellSouth agreed to meet with AT&T on July 23, 2002 due to the pendency of its 5 state application with the FCC. *(The July 23 meeting confirmed that hundreds of transactions were missing or in error in AT&T's data).*
- In order to ensure that BellSouth lives up to its commitment to readily engage in the data reconciliation process, AT&T requests that the FCC require that BellSouth fulfill its commitment to the FCC with a published, detailed data reconciliation procedure that can be relied upon by CLECs. AT&T proposes the following procedure:
 - BellSouth acknowledges receipt of CLEC request within 24 hours.
 - Within 5 business days of the CLEC data reconciliation request, BellSouth will notify the requesting CLEC of the date on which the CLEC will receive a complete response.
 - The BellSouth response should be issued within fifteen business days of receipt of the CLEC inquiry. If BellSouth cannot provide a response to the CLEC it should explain the reason for the delay.
 - BellSouth should report the status of the investigation and the subsequent results of its data reconciliation investigation via the PMAP website so that its responses can be monitored by state Commissions and this Commission.
 - Additionally, the data reconciliation timelines and procedures should be posted to the PMAP website so that CLECs are aware of how to avail themselves of this process.

III. BellSouth's SWA Contract Tariff is Discriminatory

- BellSouth's SWA Contract Tariff offers "growth" discounts that discriminate against large, established carriers such as AT&T in violation of Commission rules.

¹ BellSouth, in its August 30 2002 Ex Parte admits that its initial responses to AT&T were inadequate, requiring follow-up and that required fixes to issues identified by AT&T are still pending.

- Under the tariff, BellSouth makes volume discounts available for annual growth in switching usage compared to a specified minimum level based on the carrier's most recent 18 months' local switching usage. Under this tariff, growth in volume, rather than absolute volumes, entitles a carrier to a discount, which favors small and growing carriers, such as BellSouth's long distance affiliate BSLD, over large, established carriers such as AT&T.
- BellSouth claims that this tariff is designed to keep traffic on its network, but that reason is spurious, as a tariff discount based on absolute volumes would better serve that goal. These "growth" discounts have been explicitly prohibited by the Commission,² and blatantly discriminate against IXC's that are experiencing declining access minutes due to BellSouth's entry into long distance and a growing CLEC presence that diverts access minutes from BellSouth.³ Accordingly, BellSouth's Section 271 application cannot be approved so long as BellSouth's SWA Contract Tariff remains in effect.

IV. BellSouth's North Carolina UNE Price Squeeze Precludes Residential Market Entry.

- Statewide UNE-P entry is not economically feasible in North Carolina. AT&T's margin analysis compares the costs of providing service in each of North Carolina's three zones with *all* possible revenue sources, including revenues from features, intraLATA and interLATA toll contributions, subscriber line charges, and access. As shown on the attached chart, UNE-P residential gross margins statewide are only 11%, or slightly more than \$3, and are negative in zones 2 and 3. Even with a blended strategy using resale where appropriate, the amalgam gross margins statewide are less than \$6.00, which does not allow AT&T to recover its internal retail cost of \$10 per month. A CLEC cannot profitably enter the North Carolina residential market at the UNE rate levels charged by BellSouth.

² *Access Charge Reform*, Fifth Report and Order, FCC 99-206, CC Docket No. 96-262, ¶¶ 134-35 (released Aug. 27, 1999).

³ BellSouth's SWA Contract Tariff is also inconsistent with Section 272. Under the Commission's pricing flexibility rules and Section 272, an ILEC can provide service under a contract tariff to its long distance affiliate only after the ILEC certifies that it provides service under that contract tariff to an unaffiliated carrier. 47 C.F.R. § 69.727(a)(2)(iii). After originally denying in its testimony that BSLD met the tariff's requirement of being a BellSouth special access customer for 18 months, BellSouth has now admitted in two ex parte letters that BSLD meets that requirement. BellSouth August 12 & 13, 2002 Ex Parte Letters to the Commission. In light of this admission, BellSouth could enter into the same arrangement with BSLD once BST certifies that it provides service under the SWA Contract Tariff to an unaffiliated party. Any effort by BellSouth to provide such certification and then to enter into the same arrangement with BSLD would violate the nondiscrimination requirements of Section 272(c)(1) and (e)(3) by giving its long-distance affiliate more favorable terms than are as a practical matter available to carriers generally.